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Anytime a death occurs, it is a very emotional and trying time for the spouse and family members. We, as an agency, should provide as much assistance and counseling as we can in helping survivors complete the necessary forms for benefits in a timely manner so benefits can be started for them as soon as possible.

Upon notification of the death of the employee, the Personnel Operations Division, AMH-200, will prepare a benefits package with information on the amount of life insurance and survivor annuity to be paid. We will discuss the benefits with the eligible family member(s) as soon as they are ready for us to do so (normally, after they have received the death certificate.)

This booklet provides important information for counseling family members. As you can see by the table of contents, it covers benefits that could be paid to survivors for both CSRS and FERS. The staff of the Personnel Operations Division, AMH-200, is available to offer assistance in completing application forms and answer questions. You may reach us at (405) 954-8019.

Application forms should be completed and forwarded, with four certified copies of the death certificate, to the Personnel Operations Division, AMH-200, P.O. Box 25082, Oklahoma City, OK 73125. A copy of all forms and documents should be kept by the family for future information.

I. DEATH BENEFITS FOR FEDERAL EMPLOYEES (CSRS).

A. Death benefits are of two types --- either a lump sum refund of the employee's contributions to the retirement system (if there is no surviving spouse or eligible children), or a monthly annuity paid to the surviving spouse and children. Form SF-2800 is used to obtain these benefits. A certified copy of the Death Certificate must be attached to the claim. The Office of Personnel Management in Washington DC will notify the survivor if they need additional information.

1. Lump Sum Benefits. The lump sum payment is made using the same order of precedence as described in the Life Insurance section.

2. Surviving Spouse and Child Annuity Benefits are paid as follows:

a. For a survivor annuity to be payable to a spouse, the spouse must meet one of the following requirements: (1) the surviving spouse and the employee must have been married for at least nine months preceding the employee's death, (2) be a parent of a child born of the current marriage, or (3) the death of the employee was accidental.

b. The annuity to the spouse is 55 percent of an annuity computed as if the employee had retired on a disability retirement as of the date of death. The annuity is computed based on the employee's high-3 years average salary and length of service.

A survivor annuity begins on the day after the employee's death. It ends on the last day of the month preceding the month in which the survivor dies or remarries prior to age 55. An annuity that ended because of remarriage may be restored if the remarriage ends, and the widow or widower pays back any lump sum benefits paid when the annuity ended.

c. If the employee had military service after 1956 and has not made a contribution to the retirement fund for that service and would have been eligible for Social Security benefits at age 62, it may be beneficial for the spouse to pay money into the retirement fund for that period of military service. The Personnel Operations Division, AMH-200, will compute the benefits for the survivor and advise them of the difference in annuity with and without the deposit.

d. If the employee had civilian service for which a refund of retirement deductions was made and not subsequently repaid, the survivor annuity will be reduced by the amount of service for which no deposit or redeposit was made. The survivor can make these deposits in order to preclude the reduction, if desired. The Office of Personnel Management will notify the survivor of the amount due and allow them to repay the refund when they process the death benefits forms.

e. The total spousal survivor annuity payable is 55% of the employee's annuity. If a court order awards an annuity to a former spouse, the Office of Personnel Management will honor the court order. If the court order awards the total annuity to a former spouse, the surviving spouse will receive nothing. If a former spouse was awarded only a part of the total survivor annuity, the surviving spouse will receive the remainder. In either case, if the former spouse later loses entitlement (because of death or remarriage before age 55), the surviving spouse will begin to receive the full survivor annuity.

3. Death benefits are also payable to an unmarried child of the employee who is under age 18 (or under 22 if a full time student, or at any age if incapable of self-support). A stepchild may be entitled to survivor annuity benefits if the child lived with the employee in a regular parent-child relationship at the time of the employee's death. The benefit for children is based on whether the child has a living parent who was married to the employee (either at death or any time prior to date of death). The amount increases each year for cost of living adjustments.

II. DEATH BENEFITS FOR FEDERAL EMPLOYEES (FERS).

A. Death benefits to the survivor vary, depending on the amount of the employee's civilian service. Form SF-3104 is used to apply for these benefits. A certified copy of the death certificate should be filed with the claim form.

1. Lump Sum Benefits (consisting of the employee's contribution to the retirement fund) is paid if the employee had less than 18 months civilian service. The lump sum payment is made using the same order of precedence as described in the section on life insurance.

2. Surviving spouse and child benefits are paid as follows:

a. A basic benefit is paid to a spouse, if married to the employee for at least 9 months preceding the employee's death, or is the parent of a child born of the current marriage to the employee, or the employee's death was accidental, AND the employee had 18 months BUT less than 10 years service.

(1) The basic benefit to the spouse is equal to the sum of 50% of the annual salary (or the high-3 average salary if higher), AND a lump sum basic benefit, adjusted yearly for inflation. The spouse can elect to receive the benefit as a one-time payment or in 36 monthly installments.

b. If an employee dies after completing at least 10 years of service, the spouse (who meets the criteria in 2 a. above) receives a monthly annuity, in addition to the basic benefit described in 2a.(1) above, equal to 50% of what an employee would have received at retirement based on the years of service and high-3 years average salary. The annuity terminates if remarriage occurs before age 55.

c. If the employee had military service after January 1, 1957, for which a deposit was not made, the surviving spouse may make the deposit to receive credit.

d. An employee's dependent child who is unmarried, and under age 18 (or under age 22 if a full time student, or at any age if a determination of incapable of self-support occurred prior to age 18) receives an annuity if the employee had at least 18 months service.

Survivor Benefits - Children

FERS pays the eligible children of employees or retirees who die a benefit that varies depending on the number of children and whether or not there is a surviving spouse or former spouse who is a parent of the children. No reduction in retiring employee's annuity will be made for this benefit. FERS benefits are reduced by any Social Security benefits the children receive.

To qualify, children must be unmarried and be:

1. Under age 18, or
2. Under age 22 if a full-time student, or
3. Disabled, and have been disabled prior to age 18.

The amount of the annuity payable depends upon whether the deceased employee is survived by a spouse and the total number of children. The amount increases each year for cost of living adjustments.

III. OTHER BENEFITS PAYABLE (CSRS/FERS)

A. UNPAID COMPENSATION (CSRS/FERS). Form SF-1153, Claim for Unpaid Compensation of Deceased Employee, is required (along with a copy of the death certificate) in order to receive payment for the last salary check, including annual leave. Payment is made by the Payroll Branch, AMZ-400, using the established order of precedence which is described in the Life Insurance section.

The check for unpaid compensation should be received within 4 to 6 weeks after the SF-1153 is received in the Payroll Office, provided that all personally charged property has been recovered.

Under the law, the survivor or the financial organization receiving checks must return any uncashed checks payable to the deceased to the following address:

Director, Disbursing Center
U.S. Treasury Department
P.O. Box 8670
Chicago, IL 60680

Any check for a travel advance should be returned to the Accounting Division, AMZ-300. You should hold any other government checks in connection with Veteran's benefits, military reserve, tax refunds, etc., and contact the issuing office in writing for further instructions.

If the employee had used annual leave before it was accrued or had received an advance of sick leave which had not yet been repaid in full, the indebtedness is forgiven and no refund is deducted from salary due.

B. INFORMATION REGARDING FEDERAL INCOME TAX WITHHOLDING. Federal law requires that income tax be withheld under certain circumstances from survivor annuity and/or lump sum payments unless the payee requests in writing that the tax not be withheld. If the survivor annuity is taxable from the time it begins, it is withheld from the first payment and information will be provided from the Office of Personnel Management concerning the right to change the amount of withholding or have it stopped.

C. FEDERAL EMPLOYEES GROUP LIFE INSURANCE (FEGLI) (CSRS/FERS). Four types of life insurance are available to employees: (a) basic, (b) standard optional, (c) additional optional, and (d) family coverage.

An employee can choose to have the benefits paid according to an established order of precedence or to a designated beneficiary. If a beneficiary has been designated, the designation forms are maintained in the official personnel folder. The order of precedence for payment of life insurance and unpaid compensation under the retirement system is as follows:

1. To the designated beneficiary or beneficiaries.
2. If there is no designated beneficiary, to the widow or widower.
3. If neither of above, to the child or children in equal shares.
4. If none of the above, to the parents.
5. If none of the above, to the executor or administrator of the estate.
6. If none of the above, to the next of kin as determined under the law of the state in which the insured was domiciled.

Amounts of coverage are as follows:

1. Basic. The amount of coverage is the annual base salary, including any locality pay, rounded to the next higher thousand plus \$2,000. This benefit is doubled in the event of accidental death. In addition, individuals under age 45 are provided extra coverage at no additional cost and the benefit is determined by multiplying the basic insurance amount (not including accidental death benefit by the age multiplication factor. (As shown in the FEGLI Booklet.)

2. Standard Optional. If this coverage was elected, the amount paid at death is \$10,000 (with an additional \$10,000 if the death was accidental).

3. Additional Optional. This coverage, when elected, requires the designation of a multiple of 1, 2, 3, 4, or 5 times the annual base pay. The benefit paid is determined by rounding the base pay to the next highest thousand and multiplying by the multiple elected by the employee. Accidental insurance is not paid on this option.

4. Family Optional. This coverage, when elected pays \$5,000 upon the death of employee's spouse, and \$2,500 on the death of a child under age 22, or incapable of self-support because of a mental or physical disability which existed prior to age 22. Coverage for the child or children can continue by conversion to a private policy. Information on conversion can be obtained from the Office of Federal Employee's Group Life Insurance, 200 Park Ave., New York, NY 10166-0188.

Form FE-6, Claim for Death Benefits, should be completed within 90 days of the death. A certified copy of the death certificate with impression seal and any substantiating proof of accident, such as police report, coroner report, newspaper clippings, etc., must be forwarded with the FE-6.

If an executor or administrator files the claim on behalf of the estate, a copy of court appointment papers must accompany the claim.

Payment of death benefits on life insurance will be made either by check or through a money market account. For payments of less than \$7,500, the Office of Federal Employees' Group Life Insurance (OFEGLI) will make payment by check. For payments of \$7,500 or more, OFEGLI will automatically open a money market account in the name of the payee and will mail a checkbook to the payee. The payee may close the account immediately or may write checks for any amount from \$250 up to the entire balance in the account at any time. There is no charge for checks and the balance in the account earns interest from the day it is opened. At the time such a payment is made, OFEGLI will provide complete details about the account.

D. GROUP HEALTH INSURANCE (CSRS/FERS). A surviving spouse and children of a deceased employee are entitled to continue their enrollment under the Federal Employees Health Benefit Plan (FEHB) if basic requirements are met as outlined below. If at the time of the employee's death there are no children eligible for coverage, the enrollment is automatically changed to self only. Termination of coverage of an employee's child occurs on the day the child marries or reaches age 22. The surviving spouse must subsequently complete

form SF-2809 to change an enrollment to self only when all children are no longer entitled to coverage.

The following requirements must be met for a surviving family member of a deceased employee or retiree to continue the enrollment.

1. The employee or retiree must have been in a family plan on the date of death, and
2. A survivor annuity must be payable.

EXCEPTION-FERS: In a death in service case, only number 1 above applies if the employee had at least 18 months of creditable civilian service on the date of death. If a FERS employee had at least 18 months of service but less than 10 years, no spouse annuity is applicable. In that event, the survivor will be permitted to make direct payment of the premiums to the retirement system. If a FERS employee had less than 18 months of service, the survivor would not be eligible to continue health insurance coverage.

The Office of Personnel Management will handle all matters associated with health benefits for survivors, including providing yearly open season brochures, plan comparison charts, and forms to execute enrollment changes in plans for covered family members.

E. DEATH BENEFITS FROM THE THRIFT SAVINGS PLAN (CSRS/FERS). In 1987, a Thrift Savings Plan (TSP) was implemented for federal employees. The plan provides before-tax savings and tax deferred investment earnings similar to those of an Individual Retirement Account (IRA).

Employees covered by the Civil Service Retirement System (CSRS) are allowed to contribute not more than 5% of their base pay to a TSP account, but are not eligible for the 1% Automatic Agency Contribution or Agency Matching Contribution.

Employees covered under the Federal Employee Retirement System (FERS) have an account established which automatically provides for

a government contribution of 1% of base salary even if the employees make no personal contribution. FERS employees can also contribute up to 10% of their base salary and the government provides a matching contribution dollar for dollar for the first 3% of pay and fifty cents on the dollar for the next 2% of pay up to a maximum of 5% of pay.

FERS and CSRS participants are **always** vested in their own contributions and the earnings on their contributions. FERS participants are **always** vested in the matching contributions their agencies make, as well as the earnings on the matching contributions. Most FERS employees become vested in Agency Automatic (1%) Contributions after completing three years of Federal civilian service. Congressional and certain noncareer positions become vested in their 1% contributions after completing two years of civilian service. If you leave Government service before satisfying the vesting requirement for your 1%, these contributions and the earnings on them will be forfeited to the TSP.

If you die before separating from service, all amounts in your TSP account will be vested automatically.

Employees can designate a beneficiary for their TSP account if the order of precedence does not meet their desires. The order of precedence for payment of the account is the same as previously listed for payment of life insurance. A certified copy of the death certificate, along with TSP-17 is required to apply for payment of the account balance.

A surviving spouse entitled to receive the account balance may roll the distribution over into an IRA within 60 days. Tax and other financial management considerations may warrant discussion with appropriate professional advisors or the Internal Revenue Service in making this decision.

Applicable court orders, decrees, or court-approved agreements obtained by former spouses will be honored.

IV. ADDITIONAL INFORMATION ON OTHER BENEFITS

A. WORKERS COMPENSATION (CSRS/FERS). If the employee's death is determined to be causally related to their employment, survivors are entitled to benefits including compensation payments, funeral expenses, transportation expenses for the remains, if necessary, and payment for termination of the status as a federal employee. The causal relationship can be due to direct causation, aggravation, acceleration, or precipitation.

A claim for these benefits must be filed within three years of occurrence to the U.S. Department of Labor, Office of Workers Compensation, who approves or disapproves claims and issues payments. With few exceptions, approved benefits are free from attachment by creditors and generally free from federal taxes. Form CA-5 (if filed by surviving spouse or children), or CA-5b (if filed by other relatives) is used to claim these benefits.

Continuing compensation can be paid to the surviving spouse, unmarried children under age 18 (or up to 23 if a student, or over 18 if incapable of self-support), or other relatives (parents, brothers, sisters, grandparents, or grandchildren) who were partially or totally dependent on the employee. Compensation is paid at the following rates:

1. 50% of salary to a surviving spouse with no eligible children (payments terminate upon remarriage before age 55).
2. 45% of salary to a surviving spouse plus an additional 15% for each eligible child up to a maximum of 75% of the employee's regular pay.
3. 40% of salary to the first eligible child if there is no spouse and an additional 15% up to a maximum of 75% for each additional child (payment is made equally to eligible children).
4. Other surviving dependents at various percentages according to the degree of dependence.

Survivor annuities from the applicable retirement system can be paid until a claim is approved, at which time the claimant must make an

election between the benefits. Cost-of-living increases are determined and applied to benefits annually and entitled beneficiaries can continue enrollment in the Federal Employees Health Benefits Program. Compensation to a spouse will be terminated if remarriage occurs prior to reaching age 55.

B. SOCIAL SECURITY. A one-time payment of \$255 is payable to a spouse or children who are eligible for a monthly social security benefit.

Monthly cash benefits may also be payable to the survivors of a deceased employee as follows:

1. To the surviving spouse: (A surviving spouse is one who meets one of the below age requirements and was married to the employee for at least nine months, or three months in the case of accidental death, or married to the employee and is the parent of the employee's child.)

- a. Age 50-59 and disabled (71.50% of employee's benefit)
- b. Age 60-64 (71.50% to 82.90% of employee's benefit)
- c. Age 65 (100% of employee's full benefit)
- d. Any age, if caring for eligible child under 16 or if child is disabled (75% of employee's full benefit)

2. To a surviving child of the employee:

- a. Under age 18 and unmarried (75% of employee's full benefit)
- b. Attending elementary or secondary school full-time at age 18 and through end of school term in which age 19 is attained (75% of employee's full benefit)
- c. Disabled child, age 18 or over, who was disabled before age 22 (75% of employee's full benefit)

3. To a dependent parent of the employee age 62 or older:

- a. At least age 62, and financially dependent on worker before worker's death (82.50% of the employee's full benefits)

In order for survivors to be eligible to receive benefits, the employee must have been either currently insured or fully insured. To be fully insured requires one quarter of coverage for each calendar year after 1950, or after the year in which age 21 was reached, whichever was later, up to the calendar year of death. To be currently insured requires six quarters of coverage earned during the last 13 calendar quarters ending in the quarter in which death occurs.

You may not receive your own earned benefit and also a full survivors benefit. If eligible for two or more benefits, you will receive the higher benefit.

A local Social Security Administration Office should be visited to discuss eligibility for benefits and to complete required forms.

C. VETERAN'S ADMINISTRATION. A variety of benefits are available from the VA, ranging from a burial allowance (for which claim forms are available from most funeral homes), surviving spouse and children annuities, children educational benefits, life insurance, etc. Most benefits are tied to the period of time in which the employee served in the military and whether there was any service connected disability.

A certified copy of the death certificate, and a copy of the military discharge form DD-214 will be required for application for most benefits from the VA. VA hospitals, regional offices, or associations such as the American Legion or Veterans of Foreign Wars can be of assistance in providing information or claim forms.

D. FEDERAL EMPLOYEES' CREDIT UNION. Some employees are members of a Federal Employees' Credit Union where a full range of banking services is available, such as savings, checking, loans, certificates of deposit, etc. A certified copy of the death certificate will be required to close out these accounts or convert them to an eligible survivor. Some accounts have credit life insurance

coverage. The credit union should be contacted in order to obtain the required application forms.

E. GOVERNMENT PROPERTY AND INDEBTEDNESS

1. Government Property. Some employees are issued accountable property which must be cleared before a final salary payment can be issued. Included in this category would be identification badges, credentials such as authorization to enter aircraft flight deck, headsets, calculators, computers, recorders, etc. You will be provided information about any such personal property and asked to return it so that the final salary payment is not delayed.

2. Indebtedness. In most situations where the employee owes money to the government, the amount will be withheld from the salary payment or lump sum retirement payment. These situations can occur as a result of an advance of funds for official travel, for example. You will be provided information about any such indebtedness and the appropriate action to be taken.